

## Message Text

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ACTION EB-08

INFO OCT-01 EA-12 IO-14 ISO-00 OES-07 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05  
SS-15 STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02  
OMB-01 DOE-15 /143 W

-----074979 051321Z /75

R 050931Z JUN 78

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1482

INFO AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONGEN HONG KONG

US MISSION GENEVA 588

UNCLAS SEOUL 4770

GENEVA FOR USDEL MTN; HONG KONG FOR REGFINATT

E.O.11652: NA

TAGS: ETRD, EALR, BEXP, KS

SUBJECT: FURTHER IMPORT LIBERALIZATION IN KOREA'S TRADE PLAN  
FOR THE SECOND HALF OF 1978

REF: (A) SEOUL 3223 (B) SEOUL A-91, MAY 31, 1978

(C) SEOUL A-21, FEB 1, 1978

SUMMARY. UNDER KOREA'S RECENTLY-RELEASED TRADE PLAN FOR THE  
SECOND-HALF OF 1978, EFFECTIVE JULY 1, NON-TARIFF BARRIERS WILL  
BE REMOVED FROM A TOTAL OF 47 IMPORT ITEMS. THIS IS IN ADDITION  
TO THE 136 ITEMS SIMILARLY LIBERALIZED ON MAY 1, ADDING UP TO  
A TOTAL OF 183 ITEMS LIBERALIZED IN A PERIOD OF TWO MONTHS.  
THE TRADE PLAN ALSO CALLS FOR A LIFTING OF THE SO-CALLED  
"END-USER REQUIREMENT" FROM 64 RESTRICTED-LIST ITEMS, WHICH  
IS ALSO A MOVEMENT IN THE DIRECTION OF IMPORT LIBERALIZATION.  
ON THE OTHER HAND, 18 ITEMS PREVIOUSLY FREE OF NON-TARIFF  
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BARRIERS ARE BEING RETURNED TO THE RESTRICTED LIST. TH NET  
EFFECT IS CONTINUED STEP-BY-STEP PROGRESS TOWARDS A LOOSENING  
OF KOREA'S RESTRICTIE TRADE REGIME - END SUMMARY.

1. THE KOREAN GOVERNMENT HAS RELEASED ITS TRADE PLAN FOR  
THE SECOND HALF OF 1978, WHICH WILL TAKE EFFECT JULY 1. THE  
SEMIANNUAL TRADE PLAN, WHICH CONSISTS ESSENTIALLY OF LISTS OF

IMPORT AND EXPORT ITEMS SUBJECT TO VARIOUS NON-TARIFF BARRIERS, IS THE GOVERNMENT'S BASIC INSTRUMENT FOR CONTROLLING TRADE THROUGH NON-TARIFF MEANS. MAIN POINTS OF INTEREST IN UPCOMING TRADE PLAN ARE THE FOLLOWING: (A) 47 COMMODITY SUB-ITEMS, UNDER 23 4-DIGIT CCCN NUMBERS, WILL BE REMOVED FROM THE PRESENT IMPORT RESTRICTED LIST, AND IMPORT LICENSES WILL HENCEFORTH ENJOY AUTOMATIC APPROVAL; (B) 18 COMMODITY SUB-ITEMS, UNDER 11 4-DIGIT CCCN NUMBERS, WILL MOVE FROM AUTOMATIC APPROVAL STATUS TO THE RESTRICTED LIST (A TIGHTENING, RATHER THAN A LIBERALIZATION, OF TRADE BARRIERS IN THIS CASE); AND (C) THE SO-CALLED "END-USER" REQUIREMENT (DESCRIBED IN REF C) WILL BE LIFTED FROM A TOTAL OF 64 REMAINING RESTRICTED LIST SUB-ITEMS.

2. IT SHOULD BE NOTED THAT THE 47 IMPORT SUB-ITEMS TO BE LIBERALIZED ON JULY 1 ARE IN ADDITION TO THE 136 SUB-ITEMS WHICH WERE SHIFTED TO AUTOMATIC APPROVAL IN A MAJOR SET OF IMPORT LIBERALIZATION MEASURES TAKEN ON MAY 1. THE MAY 1 MEASURES, REPORTED EXTENSIVELY IN REFS A AND B (REF B IS PRESENTLY ENROUTE TO ADDRESSEES) ARE ALSO INCORPORATED INTO THE 2ND-HALF TRADE PLAN, BUT THE 136 LIBERALIZED SUB-ITEMS ARE NOW JOINED BY AN ADDITIONAL 47, FOR A TOTAL OF 183. EXPRESSED IN TERMS OF COMPLETE 4-DIGIT CCCN COMMODITY CATEGORIES (EACH COMPOSED OF SEVERAL SUB-ITEMS), THE NET EFFECT OF THE VARIOUS TRADE PLAN ADJUSTMENTS MADE SO FAR THISYEAR ARE AS FOLLOWS:

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	1ST-HALF TRADE PLAN (JAN 1, 1978)	MAY 1, 1078	2ND-HALF TRADE PLAN (JULY 1, 1978)	
BANNED	50	0	0	
RESTRICTED	456	431	424	
AUTOMATIC APPROVAL	591	666	673	
TOTAL	1,097	1,097	1,097	

3. AN ADDITIONAL MOVE WHICH WILL BE GREETED WITH GREAT RELIEF AMONG KOREA'S ANGLOPHONE TRADING PARTNERS IS A DECISION TO PUBLISH THIS YEAR'S 2ND-HALF TRADE PLAN IN ENGLISH. WE HAVE BEEN INFORMED THAT KOREA TRADERS' ASSOCIATION IS WORKING ON THE TRANSLATION WITH A VIEW TO HAVING IT PUBLISHED AS SOON AS POSSIBLE AFTER JULY 1.

4. THE 47 SUB-ITEMS TO BE LIBERALIZED ON JULY 1 ARE AS FOLLOWS (CCCN NOS IN PARENTHESES); WHITE CARBON: AEROSIL, SYLOID (2813); DODCYLBENZENE, SOFT TYPE (2901); ALKYL BENZENE, SOFT TYPE (3819); HECTOGRAPHIC CARBON PAPERS (4813); SENSITIVE COPYING

PAPERS (3813); TRANSFERS PAPER (4813); MASTER PAPERS FOR OFFSET MACHINES IN OFFICE USE (4813); NYLON FILAMENT YARN 66 TYPE (5101); METALLIC YARN (5202); NARROW FABRICS (5805); WOVEN LABELS, BADGES, ETC. (5806); TULLE AND OTHER NET FABRICS, PLAIN (5808); TULLE AND OTHER NET FABRICS, FIGURED (5809); TRACING CLOTH, PAINTING CANVAS, BUCKRAM, ETC. (5907); INSULATING TAPES, TENT CLOTH, ETC. (5912); TEXTILE HOSEPIPING AND SIMILAR TUBING WITH OR WITHOUT LINING..., LESS THAN 11.43 CM IN DIAMETER (5915); RE-INFORCEMENT BARS OF IRON & STEEL #7310; ALUMINUM PAPER (7604); NEEDLE FILES (8203); OIL BURNERS, GUN AND ROTARY TYPES (8413); ELEVATORS, PROTECTING EXPLOSION (8422); ELEVATORS, 3-SIDE VIEW (8422); 4 SUB-ITEMS OF BALL BEARINGS (8462); 2 SUB-ITEMS OF UNIT BEARINGS (8462); CRUSHING MACHINES OF DUST FOR USE IN KITCHEN (8506); MOUNTED PIEZOELECTRONIC CRYSTAL UNCLASSIFIED

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(8521); ALLOY WIRE INSULATED (INCLUDING ENAMELED OR ANODISED) (8523); ANODISED ELECTRIC WIRE (8523); CELLULAR P.E. CABLE (8523); HEATER CORD (RAYON COVERED) (8523); (IGNITION) SYNTHETIC RUBBER INSULATED CABLE (8523); INTERCORM CABLE (8523); LACQUERED ELECTRIC WIRE (8523);

# IMPORT LIBERALIZATION TO TAKE EFFECT IMMEDIATELY (JUNE 1)

MULTIPLE CABLES (8523); NEOPRENE CABLE (8523); NYLEZE CABLE (85"3); POLYURETHANE CEMENT COPPER WIRE (8523); THERMOCOAX (8523); TWINE SHIELDED WIRE (8523); ROLLING MARKER PEN TIP (9803); RESERVOIR FOR ROLLING MARKER PEN (9803); BRAKE RUBBER FOR SHARP PENCIL (9803).;

5. COMMENT: ABOUT A YEAR HAS PASSED SINCE THE KOREAN GOVERNMENT TOOK THE FIRST TENTATIVE STEPS ITS CURRENT POLICY OF GRADUAL IMPORT LIBERALIZATION. IT IS PERHAPS FAIR TO SAY THAT MOST OF THE ITEMS FREED OF NON-TARIFF BARRIERS OVER THE PAST YEAR HAVE CONSISTED OF RAW MATERIALS AND CAPITAL EQUIPMENT NEEDED BY KOREAN MANUFACTURING INDUSTRIES--IN MOST CASES SO THAT THEY IN TURN COULD MAINTAIN A HIGH LEVEL OF EXPORTS. THE CURRENT ABUNDANCE OF FOREIGN EXCHANGE IN KOREA'S RESERVES HAS MADE IT POSSIBLE TO EASE LONG-STANDING RESTRICTIONS ON THE IMPORT OF SUCH ITEMS. RELATIVELY SELDOM HAVE LIBERATIZED ITEMS COMPETED DIRECTLY WITH DOMESTIC PRODUCERS. THE LIST OF 47 NEWLY-FREED ITEMS, CONSISTING LARGELY OF RAW MATERIALS RATHER THAN FINISHED GOODS, APPEARS TO FIT THE MOOD OF PREVIOUS LIBERALIZATION MEASURES. STILL, IT IS YET ANOTHER STEP IN THE RIGHT DIRECTION AND REPRESENTS FURTHER PROGRESS TOWARDS A LOOSENING OF KOREA'S RESTRICTIVE IMPORT CONTROL REGIME. END COMMENT.

6. A COMPLETE ANALYSIS OF THE 2ND-HALF TRADE PLAN, INCLUDIG LISTS OF THE 18 NEWLY-RESTRICTED ITEMS AND THE UNCLASSIFIED

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64 ITEMS NEWLY RELEASED FROM THE END-USER REQUIREMENT,  
FOLLOWS BY AIRGRAM.

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## Message Attributes

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